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COQUINA OIL CORPORATION

BUILDING OF THE SOUTHWEST
MIDLAND, TEXAS 79701

March 5, 1974

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(AC) 915 683-4661

RE: Coquina Oil Corporation
J. M. State, Well No. 1
Unit K, Section 11, T21S,
R27E, Eddy Co., New Mexico

New Mexico Oil Conservation Commission
Post Office Drawer DD
Artesia, New Mexico 88210

Attention: Mr. W. A. Gressett, Supervisor

Dear Mr. Gressett:

The above referenced well has been drilled, cased and cemented with probable hydrocarbon production indicated in the Wolfcamp, Strawn, and Morrow formations. At the present time the Wolfcamp formation has been perforated and meager test data indicate that this formation may be of limited extent since we have experienced a drop in bottom hole pressure of some 344 psi from the time a drill stem test was taken during the drilling operation and now, with only limited testing since perforating.

Our most recent test indicated that the well is capable of producing 2.75 million cubic feet of gas per day, plus 312 barrels condensate at a stabilized flowing tubing pressure of 1600 psi on an 18/64" choke.

It is our desire to conduct further tests on the subject well from the Wolfcamp zone prior to continuing operations to dually complete from either of the other possible productive zones. In the interest of energy conservation we respectfully request that authorization be granted for further production tests into a gas sales line and a clearance be granted for 5,000 barrel of condensate as provided in Rule 504 (a) of the Rules and Regulations Manual.

The proposed extended testing will allow data to be gathered as to the extent of the Wolfcamp reservoir, and the phase of the liquid